

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00 USIE-00

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/115 W

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O R 181430Z SEP 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC IMMEDIATE 728

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

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E.O. 11652 N/A

TAGS: PINT, SW

SUBJECT: PALME DECLARES HE WILL CONTINUE TO GOVERN

REF: STOCKHOLM 3305

SUMMARY: IF DEADLOCK REMAINS AFTER FINAL VOTE TALLY, AS SEEMS LIKELY, PRIMIN PALME HAS MADE IT CLEAR HE WILL STAY IN OFFICE. PARTY LEADERS IN GENERAL ARE AVOIDING COMMITTING THEMSELVES. COALITIONS ARE POSSIBLE, BUT THE SITUATION MAY MAKE A NEW ELECTION INEVITABLE. BECAUSE OF CONSTITUTIONAL REQUIREMENTS, EARLIEST POSSIBLE TIME FOR A NEW ELECTION WOULD BE LATE SPRING, 1974. END SUMMARY.

1. CONFUSED POLITICAL SCENE WAS CLARIFIED SOMEWHAT IN OVERNIGHT DEVELOPMENTS, BUT ENOUGH ELEMENTS OF UNCERTAINTY REMAIN TO MAKE ALL POLITICAL JUDGMENTS - INCLUDING THOSE OF PRIMIN PALME AND OPPOSITION LEADERS - TENTATIVE.

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2. SLOW AND ERROR-FILLED UNOFFICIAL VOTE COUNT BY SWEDISH RADIO (A PERFORMANCE GENERALLY DESCRIBED BY PRESS AND PUBLIC AS SCANDALOUSLY BAD) APPEARS NOW TO BE RELIABLE (SEE REF-TEL. WITH SOMEWHERE BETWEEN 53,000 AND 60,000 MAIL VOTES STILL TO BE COUNTED, THERE REMAINS A MATHEMATICAL POSSIBILITY THAT 175-175 DEADLOCK IN NEW RIKSDAG CAN BE BROKEN. HOWEVER, CHANCES OF THIS HAPPENING ARE SLIM. BOURGEOIS BLOC WOULD HAVE TO TAKE ABOUT THREE-QUARTERS OF REMAINING UNCOUNTED VOTES TO WREST A SEAT FROM SOCIALIST BLOC. LATTER WOULD NEED ABOUT A 60-40 EDGE. SWEDISH ELECTION SCHOLARS RATE EITHER OUTCOME IMPROBABLE.

3. UNOFFICIAL TALLY OF MAIL BALLOTS WILL BE ANNOUNCED SEPT. 19. HOWEVER, FINAL OFFICIAL RETURNS WILL NOT BE ANNOUNCED UNTIL NEXT WEEK. PALME HAS ANNOUNCED HE WILL MAKE NO IRREVOCABLE DECISIONS UNTIL THOSE FIGURES ARE IN.

4. NEVERTHELESS, LEADERS OF ALL FIVE PARTIES TO BE REPRESENTED IN NEW RIKSDAG SPOKE UP SEVERAL TIMES SEPT. 18 - ALL FIVE TOGETHER ON ONE EVENING TV PROGRAM - AND SWEDEN'S SHORT-TERM POLITICAL FUTURE WAS SOMEWHAT CLARIFIED (ASSUMING 175-175 DEADLOCK HOLDS). FOLLOWING POINTS WERE MADE CLEAR: (A) PALME GOVERNMENT WILL STAY IN OFFICE AND RESIST OUSTER; (B) THERE WILL BE NO NEW ELECTION THIS AUTUM; (C) AT LEAST INITIALLY AFTER NEW RIKSDAG IS SEATED IN JANUARY 1974 PALME WILL ATTEMPT TO GOVERN ALONE WITH TACIT COMMUNIST SUPPORT; (D) IF THAT DOES NOT WORK, HE WILL HAVE OPTION OF SEEKING COALITION WITH ONE OR MORE BOURGEOIS PARTIES OR FORCING A DISSOLUTION OF PARLIAMENT AND NEW ELECTIONS AS EARLY AS LATE SPRING 1974.

5. TWO PARTY LEADERS WITH THE MOST TO GAIN OR LOASE - PALME AND CENTER PARTY LEADER THORBJORN FALLDIN - ARE PLAYING CARDS CLOSE TO THE CHEST, KEEPING THEIR ULTIMATE INTENTIONS OBSCURE. LIBERAL LEADER GUNNAR HELEN, TRYING TO SAVE SOMETHING FROM SHAMBLES OF HIS PARTY, WENT ON THE ATTACK, DEMANDING THAT "REPUDIATED" PALME GOVERNMENT RESIGN AND PERMIT BOURGEOIS COALITION TO FORM GOVERNMENT. PALME BRUSHED OFF HELEN DEMAND, SAYING SOCDEM PARTY WOULD CONTINUE TO PUT FORWARD ITS PROGRAMS WHICH WOULD SURELY DRAW "BROAD SUPPORT" FROM PARTIES INTERESTED IN WELFARE LIMITED OFFICIAL USE

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OF SWEDEN.

6. PALME CAREFULLY AVOIDED GIVING FLAT "NO" TO SUGGESTION THAT HE FORM WITH CENTER AND LIBERAL PARTIES A "GRAND COALITION" REPRESENTING 80 PERCENT OF RIKSDAG MANDATES. GRAND COALITION CONCEPT IS SEEN AS WAY OF AVOIDING PARLIAMENTARY PARALYSIS UNTIL NEW ELECTIONS CAN BE HELD, PROBABLY NEXT YEAR. NEITHERFALLDIN NOR HELEN CLOSED DOOR IRREVOCABLY TO THIS PROPOSAL.

7. PALME LIKEWISE PRESERVED HIS OPTION TO OFFER A SMALL COALITION WITH DEFEATED LIBERAL PARTY, A DEAL WHICH WOULD GIVE HIM A SAFE MAJORITY AT THE COST OF A FEW CABINET PORTFOLIOS AND PROBABLY MINOR POLICY ADJUSTMENTS. YOUNG LIBERAL POLITICIAN PER AHLMARK DECLARED YESTERDAY THIS WAS ONLY LOGICAL COURSE FOR HIS DEFEATED PARTY. HELEN, HOLDING TO HIS DEMAND PALME RESIGN, DISOWNED AHLMARK - AT LEAST FOR THE TIME BEING.

8. MODERATE LEADER GOSTA BOHMAN AND COMMUNIST (VPK) LEADER C.H. HERMANSSON AGREED THAT ANY KIND OF COALITION SOLUTION TO PRESENT IMPASSE WOULD BE AN ABOMINATION. BOTH PARTIES, OF COURSE, ARE EXCLUDED FROM ANY CONCEIVABLE COALITION COMBINATION. VPK HAS INTEREST IN KEEPING PALME GOVERNMENT IN OFFICE DEPENDENT UPON VPK SUPPORT. MODERATES HAVE INTEREST IN MAINTAINING STALEMATE, MAKING PALME LOOK INEFFECTUAL AND EVENTUALLY FORCING NEW ELECTIONS.

9. UNDER CONSTITUTION NEW ELECTIONS CAN BE CALLED ONLY THREE MONTHS AFTER A NEW RIKSDAG CONVENES. THEY CAN BE BROUGHT ABOUT BY A PRIME MINISTER AFTER HE HAS BEEN DEFEATED ON AN ISSUE DEFINED BY THE GOVERNMENT ITSELF AS "AN IMPORTANT QUESTION." NEW ELECTIONS MUST BE HELD WITHIN THREE MONTHS AFTER PRIME MINISTER RESIGNS AND KING DISSOLVES RIKSDAG AND CALLS ELECTIONS. THUS, PALME CAN ARRANGE HIS "DEFEAT" IN THE NEW RIKSDAG ANY TIME AFTER MID-APRIL 1974. ELECTIONS COULD THEN BE HELD AT THE EARLIEST IN JUNE 1974.

COMMENT: ASSUMING 175-175 DEADLOCK IS CONFIRMED, WE CAN LOOK FOR A WEAKENED PALME GOVERNMENT TO CONTINUE IN OFFICE THIS AUTUMN AND TO ORGANIZE THE NEW RIKSDAG IN JANUARY 1974. IF PALME PURSUES HIS NATURAL BENT FOR CONFRONTATION POLITICS, HE MAY WELL QUICKLY REDUCE NEW RIKSDAG TO PARALYSIS AND LIMITED OFFICIAL USE

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MAKE NEW ELECTIONS INEVITABLE. IF HE PLAYS PIED PIPER TO SHAKEN LIBERALS, HE CONCEIVABLY COULD RULE AS COALITION LEADER FOR NEXT THREE YEARS. TIME WILL TELL.  
OLSEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STOCKHOLM 3305  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Sep-2001 by freemaal>; APPROVED <01-Nov-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PALME DECLARES HE WILL CONTINUE TO GOVERN  
**TAGS:** PINT, SW  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005